

Registration number: 4341488

Simply Pleasure Limited

Annual Report and Financial Statements

for the Year Ended 31 January 2014



Simply Pleasure Limited

Contents

Company Information	1
Strategic Report	2
Directors' Report	3
Independent Auditor's Report	4 to 5
Profit and Loss Account	6
Balance Sheet	7
Notes to the Financial Statements	8 to 18

Simply Pleasure Limited
Company Information

Directors	Mr T M Hemming Mr S J Reeves Mr T T Branston
Company secretary	Mr T T Branston
Registered office	Towngate House 2-8 Parkstone Road Poole Dorset BH15 2PW
Auditor	Princercroft Willis Limited Chartered Accountants & Registered Auditors Towngate House 2-8 Parkstone Road Poole Dorset BH15 2PW

Simply Pleasure Limited
Strategic Report for the Year Ended 31 January 2014

The directors presents their strategic report for the year ended 31 January 2014.

Business review

Fair review of the business

The company has experienced a small decline in turnover for the year ending 31 January 2014. This is due to a fall in digital sales caused by changes within Google search algorithms. This in turn has led to a negative impact on our wholesale business where a number of our major customers have encountered similar issues within digital marketplaces. The company has continued to invest in people and systems and are forecasting strong growth in the retail and wholesale markets next year along with recouping and gaining ground in the digital arena. The company continues to replace the shrinking DVD market with strong growth in other departments and as a result the company is moving toward a much stronger brand presence, building towards our aim of becoming the main distributor for all recognised major brands within our industry.

The company's key financial and other performance indicators during the year were as follows:

	Unit	2014	2013
Turnover movement	%	(2)	12
Gross profit margin	%	48	47

Principal risks and uncertainties

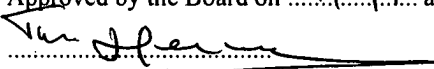
In terms of liquidity, the company is in a very strong position and has been able to reduce the bank debt at an aggressive rate and we are fortunate to continue to enjoy a strong relationship with the bank.

We set new budgets each year and based on our experiences over time, we consider our budgets and forecasts to largely be accurate and are based on our specialist industry knowledge. Any variances are always investigated fully by the management team.

Much of our supply is from the Far East and as such we are exposed to changes in movements within foreign currency. To minimise this risk we enter into forward exchange contracts quarterly with the bank where we agree to purchase US Dollars at an agreed rate. To be prudent we always include a foreign exchange loss within all budgets. In addition we pass on any losses of margin to customers.

We operate in a product driven market and as such we are acutely aware of the need to supply the latest products based on changes in fashion, tastes and technology. We regularly attend global shows in order to ensure that we have an up to date product range at all times, while also extending our European sales.

Approved by the Board on 21/10/14 and signed on its behalf by:


Mr T M Hemming
Director

Simply Pleasure Limited

Director's Report for the Year Ended 31 January 2014

The director presents his report and the financial statements for the year ended 31 January 2014.

Directors of the company

The directors who held office during the year were as follows:

Mr T M Hemming

Mrs H J Hemming (resigned 12 February 2013)

Mr S J Reeves (appointed 12 December 2013)

Mr T T Branston (appointed 12 December 2013)

Principal activity

The principal activity of the company is the wholesale and retail of adult products.

Directors' responsibilities

The directors are responsible for preparing the Director's Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Other matters

In accordance with S414 (11) of the Companies Act 2006, information regarding financial instruments and future developments have been discussed in the Strategic Report.

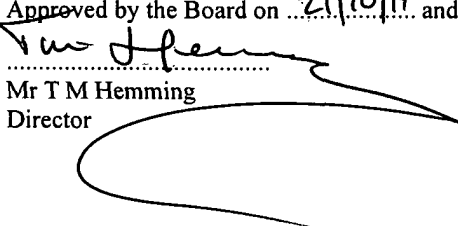
Disclosure of information to the auditor

The directors have taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and which they know the auditor is unaware of.

Reappointment of auditors

The auditors Princecroft Willis Limited are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Approved by the Board on 21/10/14 and signed on its behalf by:


Mr T M Hemming
Director

Independent Auditor's Report to the Members of Simply Pleasure Limited

We have audited the financial statements of Simply Pleasure Limited for the year ended 31 January 2014, set out on pages 6 to 18. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Director's Responsibilities (set out on page 3), the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Director's Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 January 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Independent Auditor's Report to the Members of
Simply Pleasure Limited**

..... continued

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

W. S. Law

William Law BSc FCA (Senior Statutory Auditor)

For and on behalf of Princetown Willis Limited, Statutory Auditor

Towngate House
2-8 Parkstone Road
Poole
Dorset
BH15 2PW

23 October 2014

Simply Pleasure Limited
Profit and Loss Account for the Year Ended 31 January 2014

	Note	2014 £	2013 £
Turnover	2	10,983,553	11,177,902
Cost of sales		<u>(5,746,604)</u>	<u>(5,889,939)</u>
Gross profit		5,236,949	5,287,963
Administrative expenses		(4,489,693)	(4,396,846)
Other operating income		<u>106,392</u>	<u>79,910</u>
Operating profit	3	853,648	971,027
Other interest receivable and similar income	6	43	40
Interest payable and similar charges	7	<u>(18,095)</u>	<u>(18,983)</u>
Profit on ordinary activities before taxation		835,596	952,084
Tax on profit on ordinary activities	8	<u>(215,793)</u>	<u>(230,070)</u>
Profit for the financial year	17	<u><u>619,803</u></u>	<u><u>722,014</u></u>

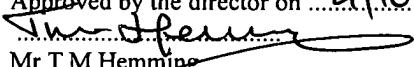
Turnover and operating profit derive wholly from continuing operations.

The company has no recognised gains or losses for the year other than the results above.

The notes on pages 8 to 18 form an integral part of these financial statements.

Simply Pleasure Limited
(Registration number: 4341488)
Balance Sheet at 31 January 2014

	Note	2014 £	2013 £
Fixed assets			
Intangible fixed assets	9	1,730,556	1,859,199
Tangible fixed assets	10	<u>298,720</u>	<u>295,737</u>
		<u>2,029,276</u>	<u>2,154,936</u>
Current assets			
Stocks	11	2,407,934	2,287,355
Debtors	12	1,404,639	1,307,050
Cash at bank and in hand		<u>352,066</u>	<u>265,829</u>
		4,164,639	3,860,234
Creditors: Amounts falling due within one year	13	<u>(2,274,450)</u>	<u>(2,070,651)</u>
Net current assets		<u>1,890,189</u>	<u>1,789,583</u>
Total assets less current liabilities		3,919,465	3,944,519
Creditors: Amounts falling due after more than one year	14	(2,091,236)	(2,544,183)
Provisions for liabilities	15	<u>(109,407)</u>	<u>(301,317)</u>
Net assets		<u>1,718,822</u>	<u>1,099,019</u>
Capital and reserves			
Called up share capital	16	165,000	165,000
Profit and loss account	17	<u>1,553,822</u>	<u>934,019</u>
Shareholders' funds	18	<u>1,718,822</u>	<u>1,099,019</u>

Approved by the director on 21/10/14

 Mr T M Hemming
 Director

The notes on pages 8 to 18 form an integral part of these financial statements.
 Page 7

Simply Pleasure Limited

Notes to the Financial Statements for the Year Ended 31 January 2014

1 Accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard 1 from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated cashflow statement.

Turnover

Turnover represents amounts chargeable, net of value added tax, in respect of the sale of goods and services to customers.

Goodwill

Goodwill is the difference between the fair value of consideration paid for an acquired entity and the aggregate of the fair value of that entity's identifiable assets and liabilities.

Positive goodwill is capitalised, classified as an asset on the balance sheet and amortised on a straight line basis over its useful economic life. It is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

Amortisation

Amortisation is provided on intangible fixed assets so as to write off the cost, less any estimated residual value, over their expected useful economic life as follows:

Asset class	Amortisation method and rate
Goodwill	over 20 years
Website costs	over 4 years

Depreciation

Depreciation is provided on tangible fixed assets so as to write off the cost or valuation, less any estimated residual value, over their expected useful economic life as follows:

Asset class	Depreciation method and rate
Short leasehold land and buildings	over the length of the lease
Plant and machinery	4 years straight line basis
Fixtures and fittings	4 years straight line basis
Motor vehicles	4 years straight line basis
Office equipment	4 years straight line basis

Stock

Stock is valued at the lower of cost and net realisable value, after due regard for obsolete and slow moving stocks. Net realisable value is based on selling price less anticipated costs to completion and selling costs.

Deferred tax

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes, which have arisen but not reversed by the balance sheet date, except as required by FRS19.

Deferred tax is measured at the rates that are expected to apply in the periods when the timing differences are expected to reverse, based on the tax rates and law enacted at the balance sheet date.

Simply Pleasure Limited

Notes to the Financial Statements for the Year Ended 31 January 2014

..... *continued*

Foreign currency

Transactions in foreign currencies are recorded at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the closing rates at the balance sheet date. All exchange differences are included in the profit and loss account.

Hire purchase and leasing

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership have passed to the company, are capitalised in the balance sheet as tangible fixed assets and are depreciated over the shorter of the lease term and their useful lives. The interest element of the rental obligation is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

2 Turnover

All turnover arises from the company's principal activity, being the wholesale and retail of adult products. The analysis of turnover by geographical market has not been disclosed as the directors believe that these disclosures would be seriously prejudicial to the company's interests.

3 Operating profit

Operating profit is stated after charging:

	2014 £	2013 £
Operating leases - plant and machinery	7,937	9,290
Operating leases - other assets	851,404	843,021
Auditor's remuneration - The audit of the company's annual accounts	12,500	12,000
Foreign currency losses	46,524	16,373
(Profit)/loss on sale of tangible fixed assets	(1,151)	10,029
Depreciation of owned assets	76,244	59,459
Amortisation	137,560	132,701

Simply Pleasure Limited

Notes to the Financial Statements for the Year Ended 31 January 2014

..... continued

4 Particulars of employees

The average number of persons employed by the company (including the director) during the year, analysed by category was as follows:

	2014 No.	2013 No.
Administration and support	<u>103</u>	<u>106</u>

The aggregate payroll costs were as follows:

	2014 £	2013 £
Wages and salaries	1,679,767	1,711,692
Social security costs	<u>116,120</u>	<u>136,602</u>
	<u>1,795,887</u>	<u>1,848,294</u>

5 Director's remuneration

The directors' remuneration for the year was as follows:

	2014 £	2013 £
Remuneration (including benefits in kind)	<u>21,074</u>	<u>19,030</u>

6 Other interest receivable and similar income

	2014 £	2013 £
Bank interest receivable	<u>43</u>	<u>40</u>

7 Interest payable and similar charges

	2014 £	2013 £
Interest on bank borrowings	8,410	14,004
Other interest payable	<u>9,685</u>	<u>4,979</u>
	<u>18,095</u>	<u>18,983</u>

Simply Pleasure Limited

Notes to the Financial Statements for the Year Ended 31 January 2014

..... *continued*

8 Taxation

Tax on profit on ordinary activities

	2014 £	2013 £
Current tax		
Corporation tax charge	210,601	258,306
Adjustments in respect of previous years	-	(32,451)
UK Corporation tax	210,601	225,855
Deferred tax		
Origination and reversal of timing differences	5,192	4,215
Total tax on profit on ordinary activities	215,793	230,070

Factors affecting current tax charge for the year

Tax on profit on ordinary activities for the year is higher than (2013 - lower than) the standard rate of corporation tax in the UK of 23% (2013 - 24%).

The differences are reconciled below:

	2014 £	2013 £
Profit on ordinary activities before taxation	835,596	952,084
Corporation tax at standard rate	192,187	228,500
Capital allowances less than depreciation	14,356	24,541
Expenses not deductible for tax purposes	7,390	5,800
Over provision in prior year	-	(32,451)
Expensive car lease adjustment	1,183	510
Marginal relief	(4,515)	(1,045)
Total current tax	210,601	225,855

Simply Pleasure Limited

Notes to the Financial Statements for the Year Ended 31 January 2014

..... *continued*

9 Intangible fixed assets

	Goodwill £	Website costs £	Total £
Cost			
At 1 February 2013	2,466,625	15,895	2,482,520
Additions	-	8,917	8,917
At 31 January 2014	2,466,625	24,812	2,491,437
Amortisation			
At 1 February 2013	623,321	-	623,321
Charge for the year	131,665	5,895	137,560
At 31 January 2014	754,986	5,895	760,881
Net book value			
At 31 January 2014	1,711,639	18,917	1,730,556
At 31 January 2013	1,843,304	15,895	1,859,199

Simply Pleasure Limited
Notes to the Financial Statements for the Year Ended 31 January 2014

..... continued

10 Tangible fixed assets

	Short leasehold land and buildings £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Office equipment £	Total £
Cost or valuation						
At 1 February 2013	196,991	7,372	282,593	-	87,148	574,104
Additions	-	570	59,391	4,000	17,266	81,227
Disposals	-	-	-	(4,000)	-	(4,000)
At 31 January 2014	196,991	7,942	341,984	-	104,414	651,331
Depreciation						
At 1 February 2013	23,683	7,372	209,716	-	37,596	278,367
Charge for the year	4,751	182	49,100	2,000	20,211	76,244
Eliminated on disposals	-	-	-	(2,000)	-	(2,000)
At 31 January 2014	28,434	7,554	258,816	-	57,807	352,611
Net book value						
At 31 January 2014	168,557	388	83,168	-	46,607	298,720
At 31 January 2013	173,308	-	72,877	-	49,552	295,737

Simply Pleasure Limited

Notes to the Financial Statements for the Year Ended 31 January 2014

..... *continued*

11 Stocks

	2014 £	2013 £
Stocks	<u>2,407,934</u>	<u>2,287,355</u>

12 Debtors

	2014 £	2013 £
Trade debtors	780,134	657,735
Amounts owed by group undertakings	294,670	294,670
Other debtors	39,123	63,578
Prepayments and accrued income	<u>290,712</u>	<u>291,067</u>
	<u>1,404,639</u>	<u>1,307,050</u>

13 Creditors: Amounts falling due within one year

	2014 £	2013 £
Trade creditors	1,135,755	952,852
Bank loans and overdrafts	180,463	207,888
Corporation tax	210,755	225,855
Other taxes and social security	197,289	227,148
Other creditors	23,124	27,968
Directors' current accounts	129,600	129,600
Accruals and deferred income	<u>397,464</u>	<u>299,340</u>
	<u>2,274,450</u>	<u>2,070,651</u>

Simply Pleasure Limited

Notes to the Financial Statements for the Year Ended 31 January 2014

..... *continued*

Creditors amounts falling due within one year includes the following liabilities, on which security has been given by the company:

	2014 £	2013 £
Barclays Factoring account	-	207,888
Bank loans and overdrafts	<u>180,463</u>	<u>-</u>
	<u>180,463</u>	<u>207,888</u>

Bank loans and overdrafts are secured by a debenture, dated 24 August 2009 and an unlimited guarantee dated 8 August 2011.

14 Creditors: Amounts falling due after more than one year

	2014 £	2013 £
Bank loans and overdrafts	212,385	-
Directors' current accounts	<u>1,878,851</u>	<u>2,544,183</u>
	<u>2,091,236</u>	<u>2,544,183</u>

Creditors amounts falling due after more than one year includes the following liabilities, on which security has been given by the company:

	2014 £	2013 £
Bank loans and overdrafts	<u>212,385</u>	<u>-</u>

Simply Pleasure Limited

Notes to the Financial Statements for the Year Ended 31 January 2014

..... continued

15 Provisions

	Deferred tax £	Other provision £	Total £
At 1 February 2013	4,215	297,102	301,317
Charged/(credited) to the profit and loss account	<u>5,192</u>	<u>(197,102)</u>	<u>(191,910)</u>
At 31 January 2014	<u>9,407</u>	<u>100,000</u>	<u>109,407</u>

The balance in other provisions relates to an estimate of costs in relation to an ongoing dispute regarding licence fees.

Analysis of deferred tax

	2014 £	2013 £
Difference between accumulated depreciation and amortisation and capital allowances	<u>9,407</u>	<u>4,215</u>

16 Share capital

Allotted, called up and fully paid shares

	2014		2013	
	No.	£	No.	£
Ordinary shares of £1 each	50,000	50,000	50,000	50,000
Redeemable preference shares of £1 each	<u>115,000</u>	<u>115,000</u>	<u>115,000</u>	<u>115,000</u>
	<u>165,000</u>	<u>165,000</u>	<u>165,000</u>	<u>165,000</u>

17 Reserves

	Profit and loss account £	Total £
At 1 February 2013	934,019	934,019
Profit for the year	<u>619,803</u>	<u>619,803</u>
At 31 January 2014	<u>1,553,822</u>	<u>1,553,822</u>

Simply Pleasure Limited

Notes to the Financial Statements for the Year Ended 31 January 2014

..... continued

18 Reconciliation of movement in shareholders' funds

	2014 £	2013 £
Profit attributable to the members of the company	619,803	722,014
Net addition to shareholders' funds	619,803	722,014
Shareholders' funds at 1 February	1,099,019	377,005
Shareholders' funds at 31 January	1,718,822	1,099,019

19 Commitments

Operating lease commitments

As at 31 January 2014 the company had annual commitments under non-cancellable operating leases as follows:

Operating leases which expire:

	2014 £	2013 £
Land and buildings		
Within one year	33,150	25,047
Within two and five years	320,165	228,315
Over five years	82,000	191,000
	435,315	444,362
Other		
Within one year	19,119	7,590
Within two and five years	25,636	36,466
	44,755	44,056

20 Related party transactions

Other related party transactions

During the year the company made the following related party transactions:

One On One Adult Centre Limited

(a company with common directors)

At the balance sheet date the amount due to One On One Adult Centre Limited was £2,356 (2013 - £2,356).

Baci Lingerie UK Limited

(a company with a common shareholder/director)

During the year Simply Pleasure Limited made management charges payable to Baci Lingerie UK Limited totalling £Nil (2013 - £12,412). The following expenses were incurred by Simply Pleasure Limited and re-charged to Baci in the year - Purchases totalling £Nil (2013 - £35,933). At the balance sheet date the amount due to Baci Lingerie UK Limited was £nil (2013 - £nil).

Simply Pleasure Limited

Notes to the Financial Statements for the Year Ended 31 January 2014

..... continued

Pleasure Me Publishing Limited

(The directors of Pleasure Me Publishing Limited have been identified as key management within Simply Pleasure Limited.)

Simply Pleasure Limited made purchases from Pleasure Me Publishing Limited totalling £265,091 (2013 - £248,018) and sales totalling £17,111 (2013 - £81,253) in the year. At the balance sheet date the amount due (to)/from Pleasure Me Publishing Limited was (£73,248) (2013 - £1,041).

Mr T Hemming

(Director)

At the balance sheet date the amount due to Mr T Hemming was £2,008,451 (2013 - £1,216,241).

Mrs H Hemming

(Director (resigned 12 February 2013))

At the balance sheet date the amount due to Mrs H Hemming was £nil (2013 - £1,457,542).

The group, headed by ABS Wholesale Limited, is exempt under Financial Reporting Standard No 8 from disclosing any transactions or balances between group entities that have been eliminated on consolidation.

21 Control

The company is controlled by ABS Wholesale Limited a company registered in England and Wales. ABS Wholesale Limited is the ultimate parent company and holds 100% of the issued share capital. ABS Wholesale Limited is wholly owned by Mr Tim Hemming who owns 100% of the called up share capital.